

## HOUSE BILL NO. 134

INTRODUCED BY G. GOLIE, E. EATON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INDIVIDUAL INCOME TAX CREDIT FOR HIGHER EDUCATION EXPENSES FOR ATTENDANCE IN THE MONTANA UNIVERSITY SYSTEM; PROVIDING THAT THE CREDIT IS EQUAL TO 10 PERCENT OF THE FEDERAL HOPE SCHOLARSHIP CREDIT AND THE LIFETIME EARNING CREDIT, BUT MAY NOT EXCEED \$500; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Credit for higher education expenses.** (1) There is allowed as a credit against the taxes imposed by 15-30-103 a percentage of the credit allowed under federal law for the hope scholarship credit and the lifetime learning credit as provided in 26 U.S.C. 25A for qualified tuition and related expenses of eligible students for attendance in the Montana university system.

(2) The amount of the credit allowed for a tax year is 10% of the total credits attributable for attendance in the Montana university system as determined under 26 U.S.C. 25A, but the credit may not exceed \$500. If a federal credit is allowed for students in attendance in both the Montana university system and other eligible educational institutions, the taxpayer may claim the maximum amount of the credit only if the student or students in attendance in the Montana university system would, if the federal credit was determined for them separately, qualify for the maximum amount of the credit; otherwise, the amount of the credit must be reduced in proportion to the qualified tuition and related expenses of the students qualifying for the federal credit.

(3) The credit allowed by this section may not exceed the taxpayer's income tax liability for the current year.

(4) There is no carryforward or carryback of the credit permitted under this section, and the credit must be applied to the tax year in which the federal credit is taken. Any recapture of credits claimed under 26 U.S.C. 25A must also be applied pro rata to credits that were claimed under this section.

**NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

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2 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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4 NEW SECTION. **Section 4. Retroactive applicability.** [This act] applies retroactively, within the

5 meaning of 1-2-109, to tax years beginning after December 31, 2004.

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